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*Ontario Hydro-Electric Inquiry
Commission, 1922-1924*

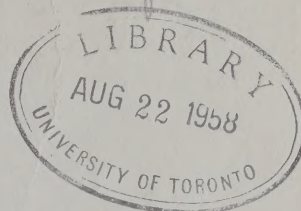
FINANCIAL J. ALLAN ROSS
Commission

HYDRO-ELECTRIC INQUIRY COMMISSION

(HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO)

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Reports on investigation of accounts



REPORT ON INVESTIGATION OF ACCOUNTS
OF
OTTAWA SYSTEM

DATED NOVEMBER 7, 1922

Pricewaterhouse & Co.

ROYAL BANK BUILDING
TORONTO, ONT., CANADA

PRICE, WATERHOUSE & Co.

UNITED STATES, CANADA, MEXICO,
GREAT BRITAIN.

ROYAL BANK BUILDING

CONTINENTAL EUROPE, ETC.
PRICE, WATERHOUSE, PEAT & CO.
SOUTH AMERICA
PRICE, WATERHOUSE, FALLER & CO.
ALSO, GREAT BRITAIN
W. B. PEAT & CO.

TORONTO

November 7, 1922.

W. D. Gregory, Esq., Chairman,
Hydro-Electric Inquiry Commission,
Toronto, Ontario.

Dear Sir:

OTTAWA SYSTEM

As requested we have made a general investigation of the accounts and records relating to the Ottawa System operated, under trusteeship, by the Hydro-Electric Power Commission of Ontario, and now beg to submit our report:

SCOPE OF INVESTIGATION

Our investigation of the accounts of the Ottawa System has been limited to a general review thereof and an inquiry into any questions of principle involved therein. This procedure has been followed, as the books and accounts of the Hydro-Electric Power Commission, of which the Ottawa System forms a part, have been audited by Mr. G. T. Clarkson, F.C.A., of Messrs. Clarkson, Gordon & Dilworth, Chartered Accountants. The accounts upon which we report are:

ACCOUNTS

BALANCE AS AT OCTOBER 31, 1921

	<u>DEBIT</u>	<u>CREDIT</u>
<u>CAPITAL INVESTMENT</u>	\$ 5,707.07	-
<u>OPERATING ACCOUNTS</u>	-	-
<u>RESERVE FOR RENEWALS</u>	-	-
<u>RESERVE FOR SINKING FUND</u>	-	\$88.62
<u>ACCOUNT RECEIVABLE - CITY</u>		
<u>OF OTTAWA</u>	19,483.21	

HISTORY AND ORGANIZATION

Under date of July 31, 1907, the Hydro-Electric Power Commission of Ontario made a contract with the Municipal Corporation of the City of Ottawa for electrical power to be supplied from the Ottawa and Hull Power & Manufacturing Company, Limited, and a further agreement for additional power on December 6, 1910, both of which agreements were terminated and superseded by a new agreement dated February 2, 1914, excerpts from which are set forth on Exhibit I attached hereto. The new agreement was ratified by the Legislature of Ontario on May 1, 1914, as set forth in amendment to the Power Commission Act, Ontario Statutes, 4 Geo. V, Chapter 16.

As stated in the agreement with the City of Ottawa, the Commission undertakes to deliver electrical power at cost, such cost to include, cost of operating, maintaining, repairing, renewing and insuring the lines, station and works, interest on the capital invested in the System and an amount sufficient to provide sinking fund for the repayment of the capital in thirty years.

A contract dated July 31, 1907, between the Commission and the Ottawa and Hull Power & Manufacturing Company, Limited, for a supply of power for the City of Ottawa, and a further agreement under date of December 6, 1910 were terminated and superseded by a new agreement of December 8, 1913, excerpts of which are given on Exhibit II. The Commission recommended the approval of this contract in a communication dated March 3, 1914, addressed to His Honour, the Lieutenant-Governor in Council, as follows:

"The Hydro-Electric Power Commission of Ontario are desirous of acquiring by Order-in-Council the approval of the contract entered into between the Ottawa and Hull Power & Manufacturing Company, Limited, and the Hydro-Electric Power Commission of Ontario, bearing date the eighth day of December, 1913, for the supply of from five thousand to eighteen thousand h.p. of electrical power, at or near the Corporation of the City of Ottawa, the said Company having been duly incorporated. A copy of the proposed agreement as executed is hereto attached."

The Order-in-Council approved by the Lieutenant-Governor in Council on March 4, 1914, is as follows:

"Upon the recommendation of the Hydro-Electric Power Commission of Ontario the Committee of Council advise that the accompanying Contract entered into between the Ottawa and Hull Power and Manufacturing Company and the said Commission bearing date the eighth day of December, 1913, for the supply of from five thousand to eighteen thousand Horse Power of Electrical power at or near the Corporation of the City of Ottawa be approved by Your Honour."

The Hydro-Electric Power Commission of Ontario entered into an agreement under date of August 25, 1921 with the Municipal Corporation of the Township of Nepean for the purpose of supplying electrical power or energy, under the provisions of the Power Commission Act and amendments thereto and the Power Commission Act, Revised Statutes of Ontario 1914, Chapter 39, Part II, being "An Act to provide for the supply of electrical energy or power to individual users." The contract, excerpts of which are given on Exhibit III, was approved by His Honour, the Lieutenant-Governor, by Order-in-Council dated September 20, 1921.

It is stipulated in the Nepean agreement, which covers a period of 30 years, that the Municipal Corporation of the Township of Nepean "guaranteed to the Commission interest and sinking fund on a twenty year basis on all capital invested by the Commission", whereas the Power Commission Act, Part II, Section 30g (2) specifies that-

"The total amount for which each of the corporations shall be liable shall include a sum sufficient to provide annually the corporation's proportionate cost of the capital cost of the work so as to form in thirty years a sinking fund for the payment of the amount expended by the Commission on capital account for the acquisition or construction of the works necessary for transmitting, transforming, distributing and delivering electrical power or energy in a rural power district and a further sum sufficient to pay the Commission interest upon the proportionate part of such expenditure to be borne by the corporation, and a further sum to pay the corporation's proportionate part of the line loss and the costs of operating, maintaining, renewing and insuring of such works and of the other charges set out in section 23."

The Rural Hydro-Electric Distribution Act, 1921, 11 Geo. V, Chapter 21, which is "An Act to make more Equal Provision for the Cost of Hydro-Electric Power in Ontario", provides as stated below, in respect of the capital cost of constructing and erecting, in the rural power zone, primary transmission lines, etc., required for the delivery of power;

"Where power is supplied to a rural power district under the provisions of the Power Commission Act and amendments thereto * there may be paid to the municipality or commission distributing the power in such rural power district upon the recommendation of the Hydro-Electric Power Commission of Ontario and the order of the Lieutenant-Governor in Council, a sum not exceeding fifty per cent of the capital cost of constructing and erecting in the rural power zone primary transmission lines and cables required for the delivery of power in such rural power district." (11 Geo. V, c.21, s.4) * Page 45, s. 30 (e).

In accordance with recommendations of the Hydro-Electric Power Commission of Ontario to the Provincial Government and pursuant to Section 4 of The Rural Hydro-Electric Distribution Act, 1921, quoted in the foregoing, Orders-in-Council, upon the dates and in the amounts set forth below, were approved by His Honour the Lieutenant-Governor, in respect of the cost of the proposed primary transmission lines in Nepean Township:

<u>Date of Order-in- Council</u>	<u>Estimated Miles of lines</u>	<u>Number of Applicants for power</u>	<u>Estimated Cost of Primary Lines</u>	
			<u>100%</u>	<u>50%</u>
September 20, 1921	12.00	51	\$15,146.00	\$ 7,573.00
November 29, 1921	6.61	27	7,176.83	3,588.42
June 23, 1922	6.50	14	8,273.16	4,136.58
<u>Total</u>	<u>25.11</u>	<u>92</u>	<u>\$30,595.99</u>	<u>\$15,298.00</u>

As an example of the phraseology commonly used in these Orders-in-Council, the following paragraph is quoted from the Order-in-Council dated November 29, 1921, covering capital construction in

ten Townships including Nepean, in respect of which the estimate amounted to \$7,176.83:

"The Committee further advise that in accordance with the attached recommendation of the said Commission and pursuant to Section 4, Chap. 21, 1921, Rural Hydro-Electric Distribution Act, 1921, the sum of Twenty Thousand, Five Hundred and Seventeen Dollars and Sixty-two cents (\$20,517.62), being 50% of the cost of primary transmission lines in the said Townships, be placed to a special account against which cheques may be issued from time to time as required in favour of the said Hydro-Electric Power Commission of Ontario on the requisition of the Chairman thereof."

As at September 30, 1922, the latest date upon which a trial balance had been taken of the ledgers, expenditures on Nepean Township Rural Lines were as follows:

In respect of-

12.00 Miles of Line	\$21,242.75
5.61 " "	9,396.61
6.50 " "	<u>1,413.76</u>
<u>Total</u>	<u>\$32,053.12</u>

While the above amount of \$32,053.12 represents the total cost of construction of these rural lines to September 30, 1922 it should be borne in mind that 50% of the cost of the primary lines included therein will eventually be assumed and paid by the Province.

Under this agreement the Commission is bound to supply and construct all lines on the highway, to supply and erect, at such points as may be approved by the Commission, such transformers, lightning arresters, fuse boxes, meters or other apparatus made necessary by contracts for electrical service between the Corporation and residents or users within the Township, from the Commission's point of supply for the Township, to the point of delivery, opposite the customer's premises, or to such point or points as the Commission may approve. Construction by the Commission of the initial twelve miles of primary and secondary transmission lines began in September 1921, and was completed during February 1922 at which time, consumers

in the Township of Nepean were served with electrical power. Subsequent to February 1922, and prior to October 15, 1922, six miles of additional line were completed, making a total of eighteen miles of line, as at the latter date, serving 85 customers with electrical power, at a total average per month of 25 H.P. As at October 15, 1922, twenty-five additional customers made application for delivery of power, and it has been stated that the lines to supply their needs are now under construction.

While it is mentioned in the contract with the municipal corporation of the Township of Nepean, that the Commission has entered into contracts with power companies for such power as is required to be furnished the consumers in the Township, upon inquiry, it has been ascertained that the electrical power is obtained from the Ottawa Hydro-Electric Power Commission. In this connection is given, the following copy of a letter, dated May 15, 1922, written by the Chief Engineer, to the Chairman of the Hydro-Electric Power Commission and submitted to the Commission on June 29, 1922:

"I have the honour to report that the above rural power district is supplied with power by attaching to the Ottawa Distribution System, and a metering equipment has been installed for the purpose of measuring this power. The Ottawa Commission has considered the situation, and has consented to deliver this power on the assumption that they be duly compensated for the same; and in arriving at suitable remuneration, consideration had to be given to the fact that the Ottawa Commission is obligated to take delivery of the power at the Ottawa and Hull Station, at 10,000 volts, transmitted to the substation where it is transformed and afterwards delivered to the primary distribution lines of the Municipality.

Estimating that it costs \$4. per H.P. for transformation and \$3. per H.P. for a proportionate part in the use of the distribution system, and \$1. for transmission at 10,000 volts, the cost works out to \$21. per H.P. for power purchased at \$13. from the Ottawa & Hull Power Company. This price is agreeable to the Ottawa Hydro-Electric Power Commission, and I would recommend that the Commission accept invoices from the Ottawa Hydro-Electric Commission for power delivered to Nepean Rural Power District, and reckoned at the rate of \$21. per H.P.

I desire your approval of this, in order that payment may be made to the Ottawa Commission accordingly."

Under date of June 29, 1922, the rate of \$21. per H.P. to be charged for electrical power to the Nepean Rural Power District was, in accordance with the minutes of the Hydro-Electric Power Commission, approved as follows:

"A rate of \$21. per H.P. per year to be invoiced by the Ottawa Hydro-Electric Power Commission for power delivered by them to the Nepean Rural Power District was approved." (Minutes signed by the Chairman)

CAPITAL INVESTMENT - \$5,707.07:

The capital investment as at October 31, 1921 is represented by the following:

Metering Equipment	\$1,009.57
Expended during the fiscal year ending October 31, 1921 on new lines in Nepean Township to supply power to rural customers	4,692.23
Engineering expenses, only, on new station in Nepean Township	5.27
<u>Total</u>	<u>\$5,707.07</u>

It has been estimated by the engineers of the Hydro-Electric Power Commission that as at October 31, 1921 additional funds will be required for the fiscal years ending October 31, 1922 and 1923, as follows:

Year ending October 31, 1922- Rural - Nepean District - completion of work in hand and extensions	\$60,000.00
Year ending October 31, 1923- Rural Construction	\$30,000.00

OPERATING ACCOUNTS:

The operating account of the Ottawa System for each of the four years ending October 31, 1921, is attached hereto (Exhibit IV) and is, we believe, self-explanatory. From that exhibit it may be observed that the Commission received from the City of Ottawa in each year sufficient revenue to cover the cost of power, including interest and sinking fund charges, as provided for in the contract previously mentioned.

The increased consumption of electrical power by the City of Ottawa each year for the four years ending October 31, 1921 may be of interest and for that purpose we submit the following statistical data:

Particulars	Year ending October 31			
	1918	1919	1920	1921
Average Annual quantity of horse power, of electrical power purchased from the Power Company and sold to the City of Ottawa	5,829	6,158	6,764	7,654
Cost of power purchased- Total Cost	\$81,611	\$86,218	\$94,699	\$103,329
Average per Horse Power	14.00	14.00	14.00	13.50
Total amount (including fixed charges) charged for power, to the City of Ottawa- Total Amount	\$82,276	\$86,844	\$95,622	\$104,088
Average per Horse Power	14.11	14.10	14.14	13.59

During the period from November 1, 1921 to September 30, 1922 the City of Ottawa has been charged monthly for power in the interim power bills at the annual rate of \$13.00 per horse power, the quantity of horse power of electrical power varying from 10,494 H.P. in December 1921 to 7,875 H.P. in July 1922 and 8,607 H.P. in September 1922.

RESERVE FOR RENEWALS:

From the commencement of the System to October 31, 1921, there was expended \$1,009.57 in respect of metering equipment, etc. of which the sum of \$577.18 represents expenditures made during the five year period from October 31, 1916 to October 31, 1921. The estimated life of this equipment is, we are informed, thirty-five years.

No provision has been made for renewals on this system, it having been stated by Mr. Clarkson in the report on the accounts at October 31, 1921, that in the opinion of the engineers of the Commission, such provision is unnecessary.

Although the capital investment is small, we believe the practice of the Commission should be uniform as regards provisions for renewals.

RESERVE FOR SINKING FUND - \$88.62:

The sinking fund payments by the City of Ottawa, together with interest accumulations to October 31, 1921, amounted to \$88.62.

ACCOUNT RECEIVABLE - CITY OF OTTAWA - \$19,483.21:

The account receivable of \$19,483.21 due by the City of Ottawa, as at October 31, 1921, was paid in full prior to December 31, 1921.

* * * * *

Any further information desired in connection with the accounts of the Ottawa System, we shall be pleased to furnish, upon request.

Yours very truly,

Price, Waterhouse & Co.

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIOOTTAWA SYSTEM

Excerpts from Agreement dated February 2, 1914, entered into between the Hydro-Electric Power Commission of Ontario and The Municipal Corporation of the City of Ottawa.

The Corporation has applied to the Commission for an agreement for a supply of power, in accordance with the Agreement between the Commission and the Ottawa and Hull Power and Manufacturing Company, Limited, dated December 8, 1913.

In consideration of the premises and of the Agreements of the Corporation herein set forth, each of the said parties agrees with the other, as follows:

The Commission agrees:

To reserve for and deliver to the Corporation at the earliest possible date, 5,000 horse power or more of electric power.

To reserve for and deliver to the Corporation additional electric power in blocks of 500 horse power each until 20,000 horse power is being delivered or reserved, after 30 days' notice in writing, which may be given by the Corporation from time to time during the continuance of this agreement.

The Corporation agrees:

To pay to the Commission for all power taken or held in reserve in monthly payments under the following schedule or rates:

\$14.00 per H.P. per annum for all power taken until the amount taken or held in reserve by the Commission from the Company shall equal or exceed 5,000 H.P.

When the amount taken or held in reserve from the Company by the Commission shall have increased to 5,000 H.P., then for each and every horse power taken by the Corporation, \$13.50 per H.P. per annum.

When the amount taken or held in reserve from the Company by the Commission shall have increased to 10,000 H.P., then for each and every horse power taken by the Corporation, \$13.00 per H.P. per annum.

When the amount taken or held in reserve from the Company by the Commission shall have increased to 12,000 H.P., then for each and every horse power taken by the Corporation, \$12.50 per H.P. per annum.

When the amount taken or held in reserve from the Company by the Commission shall have increased to 14,000 H.P., then for each and every horse power taken by the Corporation, \$12.00 per H.P. per annum.

When the amount taken or held in reserve from the Company by the Commission shall have increased to 16,000 H.P., then for each and every horse power taken by the Corporation, \$11.50 per H.P. per annum.

When the amount taken or held in reserve from the Company by the Commission shall have increased to 18,000 H.P., then for each and every horse power taken by the Corporation, \$11.00 per H.P. per annum.

To pay in addition annually interest at 4% or 4½% per annum upon the monies expended by the Commission on capital account for the construction of transmission lines, transformer stations and equipment, and other necessary works required for the delivery of power.

Also to pay an annual part of the cost of the construction of the said line, station and works, so as to form in thirty (30) years a sinking fund for the payment of the monies advanced by the Province of Ontario, in connection with this work.

Also to pay the cost of operating, maintaining, repairing, renewing and insuring the said line, station and works.

The amounts payable under this contract shall be paid in twelve monthly payments in gold coin of the present standard of weight and fineness, at the office of the Commission at Toronto, and bills shall be rendered by the Commission on or before the fifth day

and paid by the Corporation on or before the fifteenth day of each month. If any bill remains unpaid for fifteen days, the Commission may, in addition to all other remedies and without notice, discontinue the supply of power to the Corporation until said bill is paid. No such discontinuance shall relieve the Corporation from the performance of the covenants, provisions and conditions herein contained. All payments in arrears shall bear interest at the legal rate.

To take electric power exclusively from the Commission during the continuance of this agreement.

To pay for three-fourths of the power ordered from time to time by the Corporation and held in reserve for it as herein provided, whether it takes the same or not. When the greatest amount of power taken for any twenty consecutive minutes during any month shall exceed during the twenty consecutive minutes three-fourths of the amount ordered by the Corporation and held in reserve, then the Corporation shall pay for this greater amount during the entire month.

If the Corporation during any month takes more than the amount of power ordered and held in reserve for it for twenty consecutive minutes, the taking of such excess shall thereafter constitute an obligation on the part of the Corporation to pay for and on the part of the Commission to hold in reserve an additional block of power in accordance with the terms and conditions of this contract,

When the power factor of the greatest amount of power taken for said twenty consecutive minutes falls below 90 per cent., the Corporation shall pay ninety per cent. of said power divided by the power factor.

To use at all times first-class, modern, standard commercial apparatus and plant approved by the Commission.

To exercise all due skill and diligence so as to secure satisfactory operation of the plant and apparatus of the Commission

and the Corporation.

To co-operate by all means in its power, at all times, with the Commission to increase the quantity of power required from the Commission, and in all other respects to carry out the objects of this agreement and of the said Act.

This agreement shall remain in force for ten years from the date of the first delivery of power under this agreement. The Corporation may, at its option, continue this agreement for one or two further consecutive terms of ten years each.

The Corporation may exercise the first of these options by giving notice in writing of its intention to continue this agreement for a further term of ten years at least two years before the expiration of the first term of ten years.

The Corporation may exercise the second of these options by giving notice to the Commission in writing of its intention to continue this agreement for the third term of ten years, at least two years before the expiration of the second term of ten years.

If at any other time any other municipal corporation or, pursuant to said Act, any Railway or distributing company, or any other corporation or person, applies to the Commission for a supply of power, the Commission shall notify the applicant and the Corporation in writing, of a time and place and hear all representations that may be made as to the terms and conditions for such supply.

It is hereby declared that the Commission is to be a trustee of all properties held by the Commission under this agreement for the corporations and other municipal corporations supplied by the Commission, but the Commission shall be entitled to a lien upon said property for all monies expended by the Commission under this agreement and not repaid. At the expiration of this agreement the Commission shall determine and adjust the rights of the corporations

and other municipal corporations, supplied by the Commission, having regard to the amounts paid by them respectively, under the terms of this agreement, and such other considerations as may appear equitable to the Commission and are approved by the Lieutenant-Governor-in-Council

The Commission shall annually adjust and apportion the amounts payable by municipal corporations for such power and such interest, sinking fund, line loss, and cost of operating, maintaining, repairing, renewing and insuring the line and works.

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIOOTTAWA SYSTEM

Excerpts from Agreement dated December 8, 1913, entered into between the Hydro-Electric Power Commission of Ontario and the Ottawa and Hull Power and Manufacturing Company Limited.

In consideration of the premises and of the mutual covenants and agreements herein, each of the said parties hereto agrees with the other as follows:-

The Company hereby agrees:-

1. At the expiration of thirty (30) days' notice in writing from the Commission to the Company, to reserve and deliver when called for 5,000 horse power of electrical power to the Commission. Said notice shall be given not later than 1st January, 1914.

2. At the expiration of thirty (30) days' notice in writing which may be given from time to time during the continuance of this agreement, to reserve and deliver to the Commission, additional electric power when called from time to time, in blocks of 500 horse power each, until the total amount so reserved and delivered, including the said 5,000 H.P., shall amount to 20,000 horse power.

The Commission agrees:-

3. To pay to the Company for all power taken or held in reserve in monthly payments under the following schedule of rates:-

For 5,000 horse power taken or held in reserve, \$14.00 per horse power per annum.

When the amount taken or held in reserve shall have increased to 8,000 horse power, then for each and every horse power taken, \$13.50 per horse power per annum.

When the amount taken or held in reserve shall have increased to 10,000 H.P., then for each and every horse power taken, \$13.00 per H.P. per annum.

When the amount taken or held in reserve shall have increased to 12,000 H.P., then for each and every horse power taken, \$12.50 per H.P., per annum.

When the amount taken or held in reserve shall have increased to 14,000 H.P., then for each and every horse power taken, \$12.00 per H.P. per annum.

When the amount taken or held in reserve shall have increased to 16,000 H.P., then for each and every horse power taken, \$11.50 per H.P. per annum.

When the amount taken or held in reserve shall have increased to 18,000 H.P., then for each and every horse power taken, \$11.00 per H.P. per annum.

4. The Commission shall pay for three-fourths of the power ordered from time to time by the Commission and held in reserve for it as herein provided, whether it takes the same or not. When the greatest amount of power taken for any twenty consecutive minutes during any month shall exceed, during such twenty consecutive minutes three-fourths of the amount ordered by the Commission and held in reserve, then the Commission shall pay for this greatest amount during the entire month.

5. If the Commission during any month takes more than the amount of power ordered and held in reserve for it for twenty (20) consecutive minutes, the Commission shall pay for this greatest amount of power during the entire month. The taking of such excess shall thereafter constitute an obligation on the part of the Commission to pay for, and on the part of the Company to hold in reserve, one or more additional blocks of 500 H.P., in accordance with the terms and conditions of this contract.

6. A composite daily curve, derived from daily load curves taken at the point of measurement in accordance with the method specified in paragraph 11, shall be compiled each month by the Commission, and these composite curves shall be used as a basis of payment for power during the month to which they apply.

7. The power shall be paid for monthly in gold coin of the present standard weight and fineness, in twelve amounts in each year.

The composite curve shall be forwarded to the Company by the fifth day of the succeeding month, and bills shall be rendered by the Company on the tenth day and paid by the Commission on or before the twentieth day of each month.

8. This agreement shall remain in force for thirteen years from the date of the expiration of the said first notice of thirty days. The Commission may at its option continue this agreement for one or two further consecutive terms of ten years each. The Commission may exercise the first of these options by first giving notice in writing of its intention to continue this agreement for the further term of ten years at least two years before the expiration of the first term of thirteen years, and if pursuant to such notice, this agreement is continued beyond the said term of ten years, the Commission may exercise the second of these options by giving notice in writing of its intention to continue this agreement for the second term of ten years, at least two years before the expiration of the said first term of ten years.

9. The power herein provided for shall be measured by suitable curve-drawing meters, which shall be subject to tests as to accuracy by either party hereto. No allowance shall be made for loss in power in transmission between the Company's power house and the said point of delivery. These meters shall be furnished and installed by the Company on the outgoing feeders in the power-house of the Company. The Commission shall have the right to install instruments in the said power-house to check the records of the Company's meters. The Company shall provide a suitable place in the power-house for the proper installation of the above-mentioned instruments and such other measuring apparatus as the Commission may deem necessary.

10. During the period of this agreement, or extension thereof, the Company shall not directly or indirectly supply power to any municipality or to any person, firm or corporation therein, while

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such municipality, person, firm or corporation therein, is supplied by the Commission; nor shall the Commission purchase or supply power from any other source than the Company to be used within a radius of five miles of the Company's Power House or within the limits of the City of Ottawa, or the suburbs thereof as now or hereafter may be established, except in the event of the Company not having power available to meet the requirements on notice of the Commission.

11. The Engineers of the Commission or one or more of them or any other person or persons appointed for this purpose by the Commission, shall have the right from time to time during the continuance of the agreement to inspect the apparatus, plant and property of the Company and take records at all reasonable hours. If in the opinion of the Commission any such apparatus, devices, wiring, plant or property is defective or is liable to cause interruption or trouble to or in connection with the supply of the said power, then the Company shall forthwith on request by the Commission's Engineer make such changes at the expense of the Company as may be required by the said Engineer. In the event of non-compliance by the Company with any requirement of the Commission, under this paragraph, the Commission may, at its discretion, after notice has been given in writing, proceed to make such changes in accordance with the recommendation of said Engineer, and a sufficient sum to cover all costs in connection therewith shall be deducted from any moneys payable by the Commission to the Company under this agreement. Nothing contained in this paragraph shall limit or impair the rights of the Company to seek redress under paragraph 17 hereof.

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

OTTAWA SYSTEM

Excerpts from Agreement dated August 25, 1921, entered into between the Hydro-Electric Power Commission of Ontario and the Municipal Corporation of the Township of Nepean.

Whereas pursuant to an act to provide for the transmission of electrical power to municipalities, the Corporation has applied to the Commission for a supply of power.

And whereas the Corporation under the provisions of the Power Commission Act and amendments thereto and the Power Commission Act, Revised Statutes of Ontario 1914, Chapter 39, Part 2, being "An Act to provide for the supply of electrical energy or power to individual users", has at the request of a number of ratepayers (petitioners) applied to the Commission for a supply of electrical power or energy, and has passed a By-Law No. 916 to authorize the execution of an agreement therefor.

And whereas the Commission has entered into contracts with power Companies for such power, or has acquired or constructed generating plants, transformer stations, transmission lines, distributing stations and other works necessary for the delivery of electrical energy or power to municipalities.

Now therefore this indenture witnesseth that in consideration of the premises and of the agreement of the Corporation set forth, subject to the provisions of the said Act and amendments thereto and of the said contracts, each party agrees with the other as follows:

1. The Commission agrees:

(a) To supply and construct all lines on the highway and to supply and erect at such points as may be approved by the Commission,

such transformers, lightning arresters, fuse boxes, meters or other apparatus, made necessary by contracts for electric service between the Corporation and residents or users within the Township, from the Commission's point of supply for the Township to the point of delivery, opposite the Customer's premises, or to such point or points as the Commission may approve.

(b) To operate, maintain, renew and insure the said lines, transformers, lightning arresters, fuse boxes, meters or other apparatus made necessary by this agreement.

(c) To collect from the customers all monies due on account of electrical service rendered under this agreement at rates approved by the Commission, and to make an accounting of the same, a report of which shall be rendered to the Corporation annually.

2. The Corporation agrees:

(a) To grant to the Commission the free right to construct lines on the highway, and to erect such transformers, lightning arresters, fuse boxes, meters and other apparatus made necessary by contracts for electrical service as outlined in clause 1 (a).

(b) To grant to the Commission the right to operate, maintain, renew and insure the said lines, transformers, lightning arresters, fuse boxes, meters and other apparatus and to collect from customers all monies due on account of electrical service in accordance with the contracts between the Corporation and the customers.

(c) To guarantee to the Commission for all power taken, the cost of the power delivered to the Commission, plus the charges in connection with the delivery of the power to the Corporation as provided for in clauses 2 (d) and (e).

(d) To guarantee to the Commission, interest upon its proportionate parts of the moneys expended by the Commission on capital account for the acquiring of properties and rights, and acquiring and construction

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of generating plants, transformer stations, transmission lines, distributing stations and other necessary works for the delivery of power to the Corporation; to guarantee an annual sum for its proportionate part of all monies expended by the Commission on capital account for the acquiring of the said properties and rights, and the cost of the said construction, so as to form in thirty years a sinking fund for the retirement of securities issued by the Province of Ontario; and to guarantee its proportionate part of the line loss and its proportionate part of the cost to operate, maintain, repair, renew and insure the said lines, generator and transformer stations and works.

(c) In addition to the cost of power and the cost of delivering it to the Corporation as provided for in paragraph 2 (c), to guarantee to the Commission, interest and sinking fund on a twenty year basis on all capital invested by the Commission in equipment as provided for in paragraph 1 (a) and the cost of operating, maintaining, repairing and renewing the said lines, transformers, lightning arresters, fuse boxes, meters or other apparatus.

3. All amounts payable in accordance with this agreement shall be paid as the Commission may direct. Bills shall be rendered to the consumers by the Commission, on or before the 5th day and paid by the consumers on or before the 15th day of each month. If any bill remains unpaid for sixty days, the Commission may, in addition to all other remedies and without notice, discontinue the supply of power to the customer until said bill is paid. No such discontinuance shall relieve the Corporation or the customer from the performance of the covenants, provisions and conditions herein contained. All payments in arrears shall bear interest at the legal rate and shall be collected and paid in accordance with the said Act.

4. This agreement shall remain in force for thirty years from the date of the first delivery of power under this contract.

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5. The Commission shall at least annually adjust and determine the amount for which the Corporation is liable, for such power and such interest, sinking fund, line loss, and cost of operating, maintaining, renewing and insuring the line and works.

6. It is hereby declared that the Commission is to be a trustee of all property held by the Commission under this agreement for the Corporation and other municipal corporations supplied by the Commission, but the Commission shall be entitled to a lien upon said property for all monies expended by the Commission under this agreement and not repaid. At the expiration of this agreement the Commission shall determine and adjust the rights of the Corporation and other municipal corporations supplied by the Commission, having regard to the amounts paid by them respectively under the terms of this agreement and such other considerations as may appear equitable to the Commission and are approved by the Lieutenant-Governor-in-Council.

7. If at any time any other municipal corporation, or pursuant to said Act, any railway or distributing company, or any other corporation or person, applies to the Commission for a supply of power, the Commission shall notify the applicant and the Corporation in writing of a time and place and hear all representations that may be made as to the terms and conditions for such supply.

HYDRO-ELECTRIC POWER COMMISSION OF ONTARIO

OTTAWA SYSTEM - OPERATING ACCOUNT

Particulars	For the year ending October 31,			
	1918	1919	1920	1921
Revenue:				
From the City of Ottawa	\$82,275.76	\$86,844.38	\$95,622.27	\$104,087.62
Costs of Operating, including portion of Administrative Expenses-				
Power purchased from the Ottawa and Hull Power & Manufacturing Company, Limited	\$81,610.87	\$86,217.80	\$94,699.53	\$103,329.02
Operating Expenses-				
Executive Salaries	195.74	226.83	378.53	175.97
Miscellaneous Expenses	431.44	345.31	475.55	513.97
Total Expenses	\$82,238.05	\$86,789.94	\$95,553.61	\$104,018.96
Balance before deducting Fixed Charges	\$ 37.71	\$ 54.44	\$ 68.66	\$ 68.66
Deduct Fixed Charges-				
Interest on Capital Investment	\$ 27.73	\$ 40.03	\$ 50.48	\$ 50.48
Provision for Sinking Fund	9.98	14.41	18.18	18.18
Total Fixed Charges	\$ 37.71	\$ 54.44	\$ 68.66	\$ 68.66
Balance	Nil	Nil	Nil	Nil

